Redevelopment Housing Activities in California

Fiscal Year 1997-1998

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FOREWORD

Section 33080 of the Health and Safety Code requires redevelopment agencies to provide, within six months after the end of each fiscal year, annual reports to the State Controller's Office. The reports must provide housing-related information on the questionnaire prepared by HCD, which is compiled and published in this annual report, as required by Section 33080.6 of the Health and Safety Code.

The activities of redevelopment agencies are governed by the California Community Redevelopment Law (Health and Safety Code Section 33000 et.seq). The housing requirements and responsibilities of agencies are broad, numerous, and complex.

As of FY 97/98, 406 redevelopment agencies existed in California (see Appendix A). Of these 406 agencies, 347 are active and 59 are inactive. Active agencies are defined as any agency that has identified at least one project area. This report includes data from 333 active agencies that completed the HCD questionnaire. Nine active agencies had no data to report and five active agencies (Baldwin Park, Brisbane, Isleton, Richmond and Tiburon) had not reported as of March 15, 1999; the date the data were analyzed and prepared for publication.

The data are compiled in tables found in Exhibits A through N of this report, and the results are summarized at the beginning of each exhibit. Because of the separate listings for different requirements, no exhibit contains a full listing of all agencies and project areas.

While we believe this report accurately shows the major trends in redevelopment housing activities, we have noted in the text and exhibits where the information received from agencies appears to be inconsistent or inaccurate. Also, at the end of each exhibit is a list of agencies that did not report any information for that particular exhibit. Some of the apparent inconsistencies arise from agencies' varying interpretations of redevelopment law. Other inconsistencies occur due to agencies' varying methods of accounting for and reporting housing funds and activities. To include the most complete, consistent, and accurate data possible in the report, we contacted some agencies to clarify or correct their responses.

Agency reporting requirements are set forth in the Health and Safety Code, Sections 33080, 33080.1-.7, 33444, and 33615. A current copy of redevelopment law (Health and Safety Code Section 33000 et. seg.) is available on the California Senate Internet Site (http://www.sen.ca.gov/).

REDEVELOPMENT HOUSING ACTIVITIES IN CALIFORNIA

Fiscal Year 1997-1998

Executive Summary

This is the fourteenth annual report prepared by the State Department of Housing and Community Development (HCD) designed to track the housing revenues, expenditures, activities, and programs of redevelopment agencies. Over the years, the report has provided the most comprehensive, objective data available for use by public policy makers, redevelopment agencies, the Legislature, and the public in evaluating the amount and uses of redevelopment housing funds.

Full and accurate reporting has become a critical issue because of the increasing importance of redevelopment funds in addressing California's continuing housing needs. The Low and Moderate Income Housing Funds of local redevelopment agencies represent the largest single source of funds for the development, improvement, and maintenance of affordable housing in the State. At a time when other sources of funds to build affordable housing are diminishing, redevelopment housing funds continue to increase. At the same time, California's housing needs are growing. The State is projected to outpace the rest of the nation in jobs, income, and population growth during the next ten years. However, the State's ability to sustain its economic expansion and maintain a decent quality of life for its residents is threatened by continuing housing affordability and supply problems. Overcrowding, cost burdens, and substandard conditions have all increased since 1990. To successfully address these issues requires the full participation of all levels of government and the private sector. Redevelopment agencies have been leaders in the effort to address the State's housing needs, but increasing the effective and timely use of agency housing funds remains critical to the long-term success of these efforts.

This report highlights trends and areas of concern regarding the amount and use of redevelopment funds. It also continues to highlight a number of areas where incomplete or inaccurate reporting has hindered efforts to fully evaluate compliance with critical redevelopment requirements. Further research is needed in a number of areas to identify the scope and extent of non-compliance with redevelopment law and to identify potential options to improve the effectiveness of the law and agency compliance.

Reporting Modifications and Problems

Project Area Production and Replacement Requirements:

Portions of the reporting forms relating to the housing assistance activities of agencies were significantly modified for the 97/98 reporting year. These modifications were made largely in response to suggestions from participants in the Department's Redevelopment Forms Working Group. In particular, the 97/98 reporting forms were revised to be able to extract some data directly from the State Controller's Office (SCO) redevelopment reporting forms. To this end, the number of revenue line items, by project area (See Exhibit A2) and expenditures and uses line items, by agency (See Exhibits C2 - C4) were increased substantially. Also, two other items were added this year: (1) each agency's unencumbered fund balance could be identified as designated or undesignated (See Exhibit C1), and (2) reports at the end of each exhibit identifying agencies with no information submitted for that exhibit, as requested in the 1997 Senate Housing and Land Use Committee's Task Force report "Redevelopment Agencies Affordable Housing Reports".

As always, agencies were asked to indicate whether projects they assisted (or otherwise caused to be affordable), and which involved new construction, substantial rehabilitation, or the acquisition of affordability covenants, are being used to meet one of the project area production requirements of Section 33413(b) or a replacement housing need pursuant to Section 33413(a). Agencies were also required to specify the actual term of the required use restrictions applied to such projects or units.

In more than half of the cases, agencies either failed to identify the term of the use restriction applied to the projects or units (if any), or identified an inappropriate use restriction term (one that was too short) for the particular requirement of the law reportedly addressed (see Exhibits E, F, G, and L). The extent of this problem significantly impedes the Department's ability to provide meaningful information on agency progress and compliance with the fundamental housing requirements of the law.

Also, as recommended by the Task Force, the report includes descriptive information (in addition to Section references) about some of the more complex housing requirements tracked in the report. See the introductory texts to Exhibits E, F, G, and L.

Excess Surplus Fund Monitoring:

The Department is required, through this report, to track and monitor the status of excess surplus funds accumulated by redevelopment agencies and determine whether the funds have been transferred, expended, or encumbered within the statutory time frame. Under the revised excess surplus formula, per Assembly Bill 1290 which was chaptered into law, agencies that first had excess surplus funds on July 1, 1994 had until January 1, of 1997 to spend or encumber the funds.

A special study and audit conducted by the Bureau of State Audits during 1997 found that the majority of agencies reported to have excess surplus funds for FY 93/94 were calculated incorrectly or not adjusted to account for debt proceeds as the statute allows. It appears that the excess surplus fund data contained in this and previous year's reports, therefore, is largely unreliable. As a result, this report does not attempt to verify the amount of expenditures or encumbrances that have occurred or the remaining balances of agencies previously reported to have excess surplus funds. In most cases, the original amount of excess surplus funds reported by agencies since FY 93/94 is reflected in this report.

Starting with this report, for excess surplus, the Department has attempted to provide more accurate data by taking a proactive role in giving technical assistance to agencies regarding the correct calculation of excess surplus. Additional research is required to identify and resolve discrepancies in excess surplus calculations. As resources permit, HCD will evaluate existing reports of excess surplus and review all agencies with unencumbered balances greater than $1 million dollars to determine those that were subject to sanctions and additional deposits required by statute as of January 1, 1997.

The Department will continue to expand its efforts to provide educational and technical assistance to agencies concerning the excess surplus calculation and support legislative efforts to simplify the formula and improve agency compliance.

Agency Audits

The California Health and Safety Code Section 50464 states that the Department may make investigations of housing and community development; may study the operation and enforcement of redevelopment programs; and may examine the records of redevelopment agencies and secure copies of their records at any time. Therefore, in 1998, HCD began a new program to conduct random, periodic audits of active redevelopment agencies to improve compliance with housing fund requirements and to gather information about the housing assistance practices of agencies.

These fact-finding audits will enable HCD to more accurately determine and monitor agency compliance with affordable covenant and excess surplus requirements of the law. As noted above, incomplete or inaccurate reporting has too often hindered efforts to fully evaluate compliance with important redevelopment housing requirements. HCD audits will provide important information regarding redevelopment practices to better enable public policy makers identify options and strategies to improve the effectiveness of redevelopment law in addressing California's housing needs.

HCD has conducted three audits since the program began in mid-1998. Resource limitations have thus far restricted the number and scope of audits, however the Department will be evaluating options for targeting future audits to address a number of the compliance concerns identified in this report.

Agency Recognition

HCD is committed to assisting local agencies develop effective and efficient programs to address their housing needs. To facilitate this effort, the report contains a summary of housing projects and programs recently implemented by redevelopment agencies. Approximately 78 examples of new program or project descriptions provided by agencies are reproduced in this report (see pages 18 through 84).

In recognition of these efforts, the Department has, once again, selected several agencies for receipt of the "Director's Award for Housing Excellence" based upon their active participation in innovative and outstanding housing projects or programs, which have contributed to the development, improvement, or preservation of affordable housing in their communities. The following agency project or programs were selected for the award this year:

Monterey County Redevelopment Agency
for the
Las Tres Palmas Mobilehome Park

Sacramento Housing and Redevelopment Agency
for the
Quinn Cottages

Santa Cruz City Redevelopment Agency
for the
Sycamore Street Commons

Monterey Park Community Redevelopment
for the
Pacific Bridge Home for Developmentally Disabled Adults

Poway Redevelopment Agency
for the
Park View Terrace

San Diego City Redevelopment Agency
for the
Little Italy Neighborhood Development (LIND)

Summary of Activities

In Fiscal Year (FY) 1997-1998, 333 of California's 347 active redevelopment agencies reported making deposits to, expenditures from, or having a balance in their Low & Moderate Income Housing Fund. Five active agencies did not report. Highlights of this year's activities include the following:

- *333 redevelopment agencies added more than* ***$560 million*** *to their housing funds from project area receipts and other revenues (see Exhibit C1). This is nearly $73 million more than the amount added during the previous FY.*

- *Agencies spent more than* ***$495 million*** *from their housing fund (see Exhibit C1). This is more than $16 million over the amount spent during the previous FY.*

- *The statewide housing fund balance at the end of FY 97/98 exceeded* ***$1.3 billion****, of which* ***$581 million*** *(44 percent) was reported to be unencumbered. Of this $581 million unencumbered balance, $186 million (32 percent) was designated for projects, and $395 million (68 percent) was undesignated and generally available for housing assistance activities. The total fund balance is* ***$160 million*** *less than the previous year's balance and the unencumbered balance is* ***$86 million*** *more than the amount reported last year (see Exhibit C1 & C5).*

- ***$33 million*** *of the unencumbered fund balance for FY 97/98 was reported as excess surplus, which must be expended, encumbered, or transferred to a housing authority within three years.*

- *Fourteen agencies made findings to exempt themselves from the housing set-aside requirement for a total exempted amount of $6 million (see Exhibits A1 & B). Also, 17 agencies reported making findings to defer setting aside all or a portion of their housing funds. The total amount deferred during the fiscal year was $4.6 million and $5.6 million was repaid. Statewide, the total deferred housing fund debt yet to be repaid is* ***$187 million*** *(see Exhibits A1, A2, B, C5).*

- *1,882* ***new units*** *were constructed and added to the housing stock by redevelopment agencies (see Exhibits E, G, & L). Of these, 76 were used to replace units previously removed or destroyed by agency activities. 1,090 units were also added to the affordable housing stock in redevelopment project areas by individuals or entities other than agencies (see Exhibit F). Overall, 2,482 fewer units were added to the housing stock this year than during the previous year.*

- *2,363* ***units*** *were substantially rehabilitated by agencies (see Exhibits E, G & L). Of these, 317 were used to replace units previously removed or destroyed by agency activities. 606 units were substantially rehabilitated in redevelopment project areas by individuals or entities other than agencies (see Exhibit F). Overall, 326 more units were substantially rehabilitated this year than last year.*

- *Redevelopment agencies acquired long-term affordability covenants on* ***1,469 units*** *which were previously not affordable to, or not expected to remain affordable to, lower-income households. Overall, 450 more affordability covenants were acquired this year than were acquired last year (see Exhibits E & F).*

- *In addition to the above, 750 mobilehome units were maintained, 1,590 units received non-substantial rehabilitation improvements, 1,592 households received rental assistance or subsidies, 5,313 households received homeownership assistance, and 466 households were otherwise assisted with redevelopment housing funds (see Exhibit H). This is consistent with the overall accomplishments attained last year for these types of activities.*

- *Agencies removed 393 dwelling units, 352 of which must be replaced (see Exhibit K).*

- *293* ***households****, including 27 elderly households, were displaced due to redevelopment activities during FY 97/98. Agencies anticipate displacing 268 households during FY 98/99 (see Exhibit J).*

1997-1998 REPORTING RESULTS

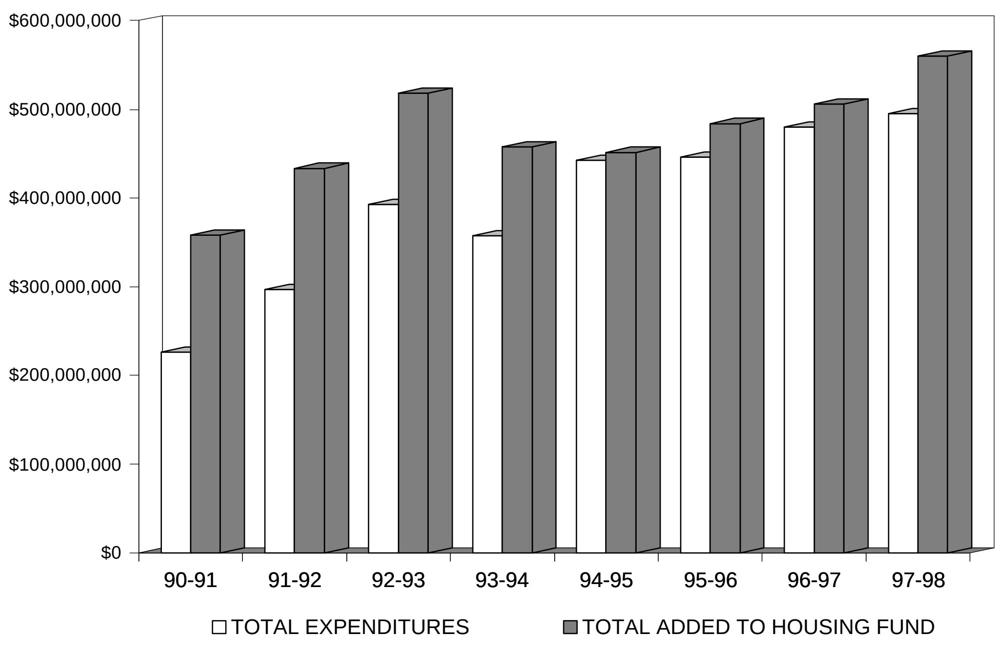
The following describes the annual housing activities reported by California's redevelopment agencies during Fiscal Year (FY) 97/98. References are provided to specific exhibits where the data are summarized.

<u>Revenues to Housing Funds</u> (Exhibits A1, A2, and C1)

During FY 97/98, 333 agencies reported adding a total of $559,261,704 to their housing funds. These deposits include, but are not limited to, approximately $289 million in tax increment, $89 million in debt proceeds, $38 million from interest income, $36 million from other revenue (variety of sources), $21 million from loan repayments, $11 million from sales of real estate, $6 million from rental/lease income, $6 million from deferral repayments, $2 million from grants, $1 million from gain on land held for resale, and $159,000 from bond administrative fees. Another $60 million was added from a variety of unspecified sources.

The chart below compares the total amount of revenue added to housing funds and expenditures made over the past eight years.

Housing Revenues and Expenditures



<u>Exemptions and Deferrals</u> (Exhibit A1, B, & C5)

In FY 97/98, 14 redevelopment agencies claimed exemptions totaling $5,979,534. Of these 14, three agencies claimed exemptions (per Health & Safety Code Section 33334.2(a)(1), (2) or (3)) from setting aside 20 percent of the tax increment received in one or more project areas. To claim an exemption per one of these three code sections, the locality's housing element must be in compliance with State law. All three agencies' housing elements were in compliance.

Exemptions and Deferrals (Exhibit A1, B, & C5) (continued)

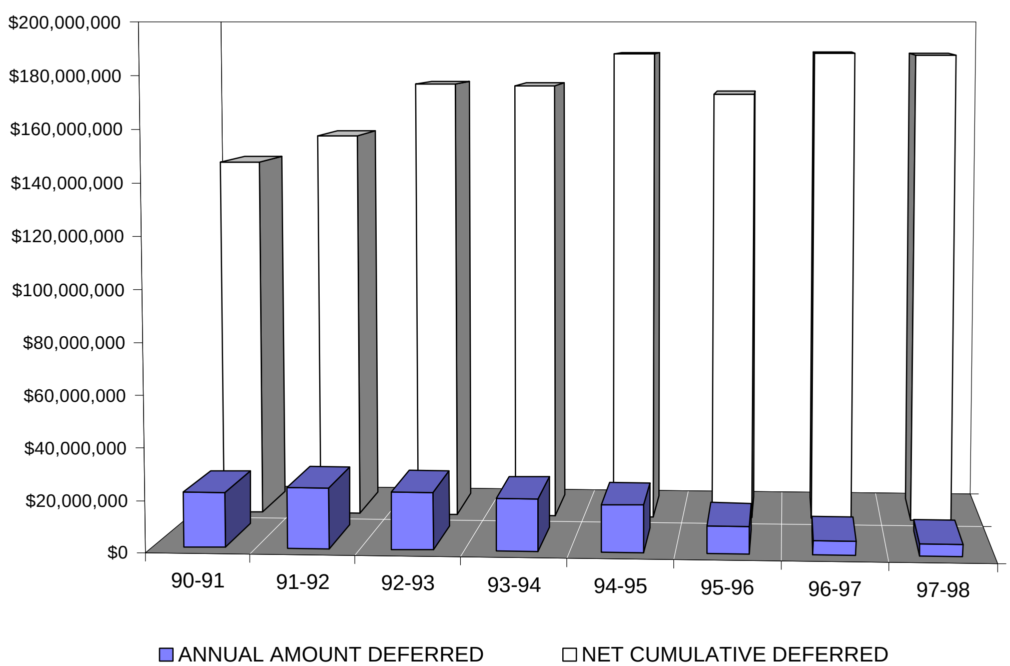
Of the three agencies identifying an appropriate code section to claim an exemption, two identified the exemption amounts. Indian Wells exempted $3,081,326 and Crescent City exempted $103,601 which totaled $3,184,927. San Diego County did not identify the amount of their exemption. Agencies exempting themselves from setting aside housing funds are required to send a copy of their findings to HCD within ten days of adoption. The Department received findings from Crescent City and Indian Wells but not from San Diego County RDA.

Of the remaining 11 agencies reporting exemptions, most only cited “Other” and did not identify the appropriate Health & Safety Code to support claiming their exemptions. The total of these agencies’ exemptions amount to $2,794,607.

For deferrals authorized by Section 33334.6, 17 agencies made findings to divert all or a portion of their housing set-aside funds from deposit to the Low and Moderate Income Housing Fund. Thirteen agencies cited the appropriate code section (33334.6(d)) for deferral but four agencies cited “other” without identifying an authoritative code section. Deferrals represent a debt that must be paid back. During FY 97/98, $4,644,975 was deferred, and $5,627,214 of prior years' deferrals was repaid. Based on current and prior year reports, the remaining cumulative deferral owed to agencies’ Low and Moderate Income Housing Funds is $186,778,665. This amount does not include the nearly $47 million in housing fund deferrals and exemptions previously made by the City of Industry, which remains under dispute.

The following chart shows the annual amount of housing set-asides deferred and the net cumulative amount of funds deferred for the past eight years.

Housing Fund Deferrals

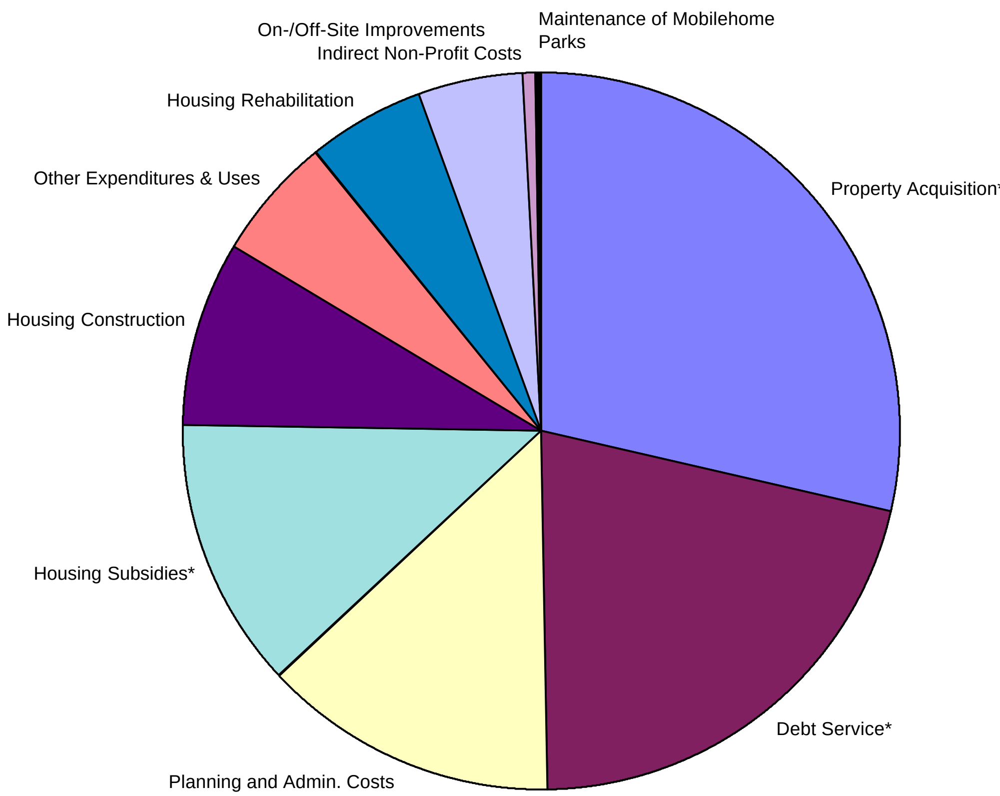


Uses of Housing Funds (Exhibit C1-C4)

Agencies reported a total of $495,998,475 in expenditures. The amount and percent of these expenditures are illustrated below by major expenditure categories. Some categories aggregate several line items of expenditures from the HCD Form Schedule C (Number 3) in Appendix B. For example, Property Acquisition includes costs for relocation, site clearance, and disposal, etc.

Activity	Amount	Percent of Total
Property Acquisition*	$141,894,855	28.6 %
Debt Service*	$105,649,022	21.3 %
Planning and Admin. Costs* (less indirect non-profit costs)	$ 66,890,005	13.5 %
Housing Subsidies*	$ 60,534,861	12.2 %
Housing Construction	$ 40,739,965	8.2 %
Other Expenditures & Uses	$ 27,120,242	5.5 %
Housing Rehabilitation	$ 25,583,994	5.2 %
On-/Off-Site Improvements	$ 22,977,290	4.6 %
Indirect Non-Profit Costs	$ 3,140,612	.6 %
Maintenance of Mobilehome Parks	$ 1,345,167	.27%
Preservation of At-Risk Units	$ 122,462	.03%

* categories which include other detailed line items shown on HCD Schedule C (Appendix B).



Planning and Administrative Expenditures (Exhibit C4 & C6)

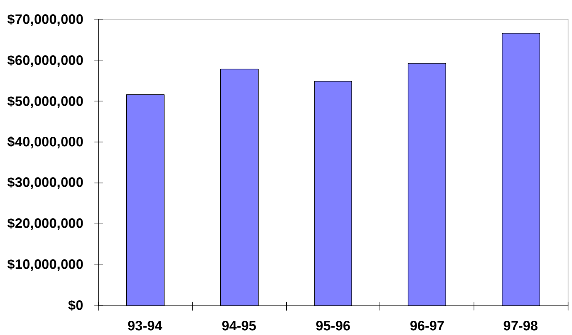
The statute requires that the amount expended for planning and general administrative costs associated with the development, improvement, or preservation of housing, should not be disproportionate to the amount actually spent for the production, improvement, or preservation of that housing. Section 33334.3(d) requires agencies to determine annually that planning and administrative expenses are necessary. Expenditures for planning and administration have increased 7.7 million from the prior year.

Exhibit C6 reports the amount of each agency's total expenses and the agency's total planning and administrative costs. Also displayed is each agency's percentage of planning and administrative costs compared to total administrative expenses. For FY 97/98, fifty-one agencies reported spending 50 percent or more of their total expenditures on overhead costs. Agencies that have continued spending at least 50 percent on planning and administration over the last three years are:

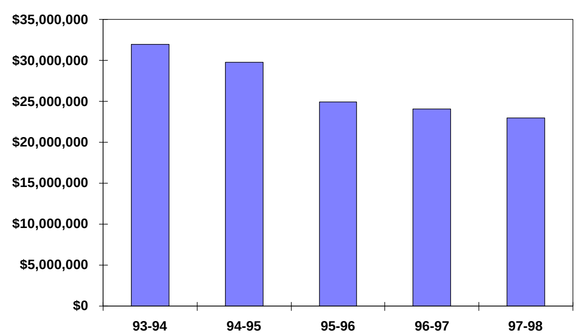
Agency	FY 97/98	FY 96/97	FY 95/96
Holtville	100%	100%	77%
Hercules	100%	100%	100%
Cudahy	100%	100%	87%
Carlsbad	100%	100%	100%
South Pasadena	100%	100%	82%
Kingsburg	100%	100%	100%
Rio Vista	97%	61%	89%
Pittsburg	86%	100%	100%
Simi Valley	67%	63&	66%
Torrance	63%	62%	54%
Santee	51%	53%	54%

Concerns are often expressed about the appropriateness of some agency's administrative costs and costs for improvements. The charts below show, for the last five years, the total amount of expenditures reported for both on and off site improvements and planning and administrative costs (comprised of administration costs, professional services, planning, survey and design, and other administrative costs).

Planning and Administration



On Site and Off Site Improvements



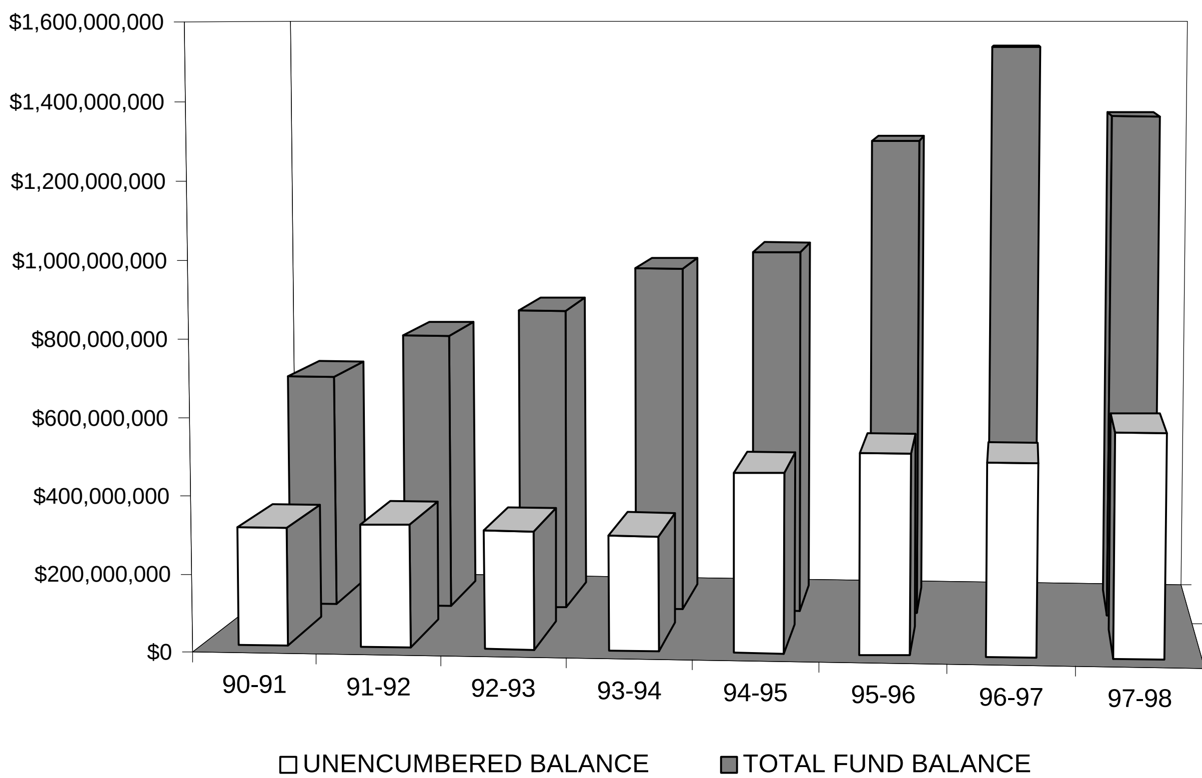
<u>Status of Housing Funds and Other Assets</u> (Exhibits C1 and C5)

Redevelopment agency housing funds include revenue from debt proceeds, interest, and a variety of other sources in addition to tax increment revenue. Exhibit C1 explains any differences between the beginning balance reported by agencies this fiscal year and the ending balance reported during the previous fiscal year. Also revealed is “Other Revenue” deposited to the housing fund that is reported on an agency-wide basis.

At year end, redevelopment agencies show funds and assets of $1,372,289,223 as Net Resources Available plus Other Housing Fund Assets. The Net Resources Available plus Other Housing Fund Assets balance includes the amount of available funds plus future assets from existing agency investments and obligations to the fund. Included are the Value of Land Purchased and Held for Development, Set-asides Deferred, Loans Receivable for Housing Activities, Residual Receipt Loans, and Other Assets. Of the $1,372,289,223 Net Resources Available plus Other Housing Fund Assets, $581,162,675 (42 percent) was reported as unencumbered. Of this unencumbered balance, $185,907,616 (32 percent) was identified as “designated’ for projects and $395,255,059 (68 percent) was “undesignated” or not currently being planned for any specific projects and thus generally available for housing assistance.

The following chart displays total housing fund and unencumbered (designated and undesignated) fund balances for the past eight years.

Unencumbered and Total Fund Balances



Status of Housing Funds and Other Assets (Exhibits C1 and C5) (continued)

For FY 97/98, seven agencies reported more than $10 million of unencumbered funds that is generally considered available for housing activities. These agencies and the balance of funds reported as unencumbered (dollars in millions, rounded off) for the last three years are:

Agency	FY 97/98	FY 96/97	FY 95/96
Irwindale	$ 21.1	$ 19.8	$ 18.6
Riverside County	$ 20.6	$ 1.0	$ 3.2
Lake Elsinore	$ 18.1	$ 18.0	$ 18.4
La Quinta	$ 13.3	$ 16.3	$ 13.0
Ontario	$ 12.4	$ 9.9	$ 10.8
Palm Desert	$ 11.9	$ 13.2	$ 11.3
Los Angeles City	$ 11.7	$ 6.3	$ 12.7

Of those agencies that had an unencumbered balance in the last 3 years of $10 million or more (Irwindale, Lake Elsinore, La Quinta, and Palm Desert), none have consistently been in the top ten for constructing the most affordable units. La Quinta was in this top ten list for one year, but all of the other agencies noted here were never in this top ten list except for Los Angeles which has always been among the top ten in constructing the most affordable units.

Excess Surplus (Exhibit D)

Excess surplus is defined as any unexpended and unencumbered revenue in the housing fund that exceeds the greater of $1 million dollars or the combined amount of tax increment revenue deposited in the housing fund during the preceding four fiscal years. Thirty-six agencies reported excess surplus that amounted to $32,677,047 at the end of FY 97/98, which must be transferred to a housing authority within one year or expended or encumbered by the agency within two additional years.

Agencies are allowed to subtract debt proceeds and the difference between the sales price of land sold during the reporting year and its fair market value from the fund balance for purposes of the calculation. Forty-six agencies reported making fund adjustments. Of these 46 agencies, 43 adjusted for debt proceeds and three agencies adjusted for land sales. Two agencies reported adjustments for both debt proceeds and below market land sales. Such fund adjustments precluded 17 agencies from accruing excess surplus.

This report attempts to track the status of excess surplus funds (i.e., amount expended/encumbered and balance remaining) reported since FY 93/94 for purposes of determining whether the funds have been transferred, expended, or encumbered within the statutory time frame. For example, agencies that had excess surplus funds during FY 93/94 had until January 1 of 1997 to spend or encumber the funds.

A special study and audit conducted by the Bureau of State Audits in 1997 found that the majority of agencies' excess surpluses reported for FY 93/94 were calculated incorrectly or not adjusted to account for debt proceeds or land sale differences as the statute allows. Therefore, reports

<u>Excess Surplus</u> (Exhibit D) (continued)

identifying agencies' excess surplus funds are unreliable. In most cases, the original amount of excess surplus funds reported by agencies since FY 93/94 are reflected in the Department's annual reports on redevelopment housing activities.

Additional research is required to identify and resolve discrepancies in calculating excess surplus. As resources permit, HCD will evaluate reports of excess surplus and review agencies with unencumbered balances greater than $1 million dollars. A review of agencies' unencumbered balances is necessary to determine which agencies are subject to penalty, pursuant to Health and Safety Code Section 33334.12(a)(2), and required to deposit penalty funds to the Low and Moderate Income Housing Fund. Penalty funds cannot be paid from agency's low and moderate income housing funds.

<u>New Construction</u> (Exhibits E, F, G, L & K)

Redevelopment agencies reported developing 1,882 new units with occupancy and use restrictions during FY 97/98. Nine hundred and one of these units (48 percent) were developed outside of the project area providing the assistance. During the same period, agencies reported destroying or removing 393 units leaving a net gain of 1,489 new units. Seventy-six of the 1,882 units developed were used to replace units previously destroyed by agency activities. One thousand and ninety (1,090) units were also added to the affordable housing stock inside and outside redevelopment project areas by entities other than redevelopment agencies.

The 10 agencies reporting the largest numbers of affordable housing units constructed by the agency (developed or assisted) in FY 97/98 are:

San Francisco*	306	Oakland	174
Emeryville	223	Riverside County	146
Los Angeles City*	212	Moreno Valley	108
Highland	184	Cathedral City	104
San Jose*	181	Santa Cruz County	89

* agencies among the top 10 of agencies reporting the largest numbers of affordable housing units constructed during the previous fiscal year.

<u>Substantial Rehabilitation</u> (Exhibits E, F, G & L)

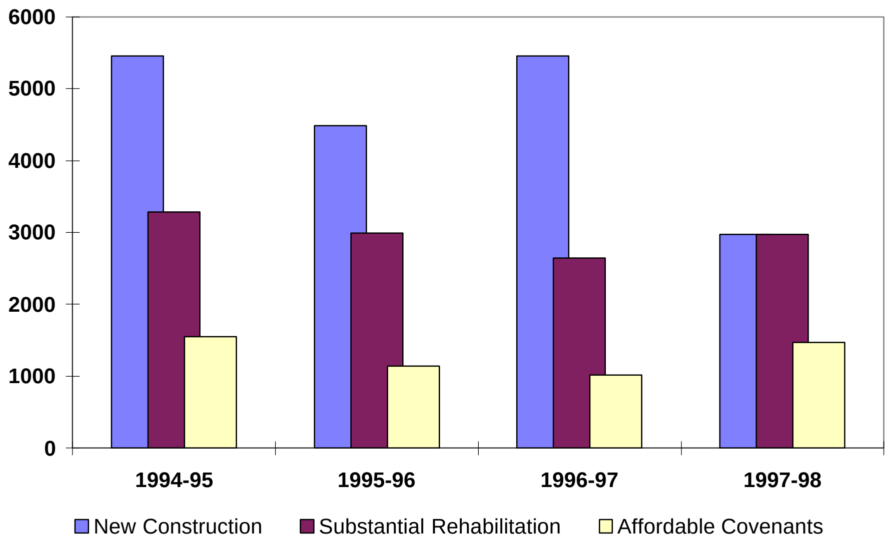
Agencies substantially rehabilitated 2,363 units with occupancy or use restrictions during FY 97/98. Of these units, 1,748 (74 percent) were located outside the project area providing the assistance. Three hundred and seventeen (317) of the total units (2,363) were reported to replace units previously destroyed by agency activities. Another 606 units were also substantially rehabilitated inside and outside redevelopment project areas by individuals or entities other than redevelopment agencies.

Affordability Covenant Acquisition (Exhibits E & F)

Agencies reported acquiring affordability covenants on 1,469 units which previously were not affordable to, or not expected to remain affordable to, lower-income households. Of these, 326 were located outside of the project area providing the assistance and 1,143 were located within project areas. One thousand and seventy-eight (1,078) of the affordability covenants acquired were reportedly used to meet project area production requirements applicable to units developed by persons or entities other than agencies (Section 33413(b)(2)(A)).

The following chart compares the number of units constructed, substantially rehabilitated, and for which affordability covenants were acquired by agencies and others (inside and outside redevelopment project areas) for the past four years.

Units Constructed, Substantially Rehabilitated, and Affordability Covenant Acquired



Other Units or Households Assisted (Exhibit H)

During FY 97/98, agencies also reported maintaining 750 mobilehome units, non-substantially rehabilitating 1,590 housing units, providing rent subsidies to 1,592 households, and providing home ownership assistance (mostly down payment assistance) to 5,313 households. Agencies otherwise reported assisting some 466 households through a variety of unspecified programs.

Construction in Progress (Exhibit I)

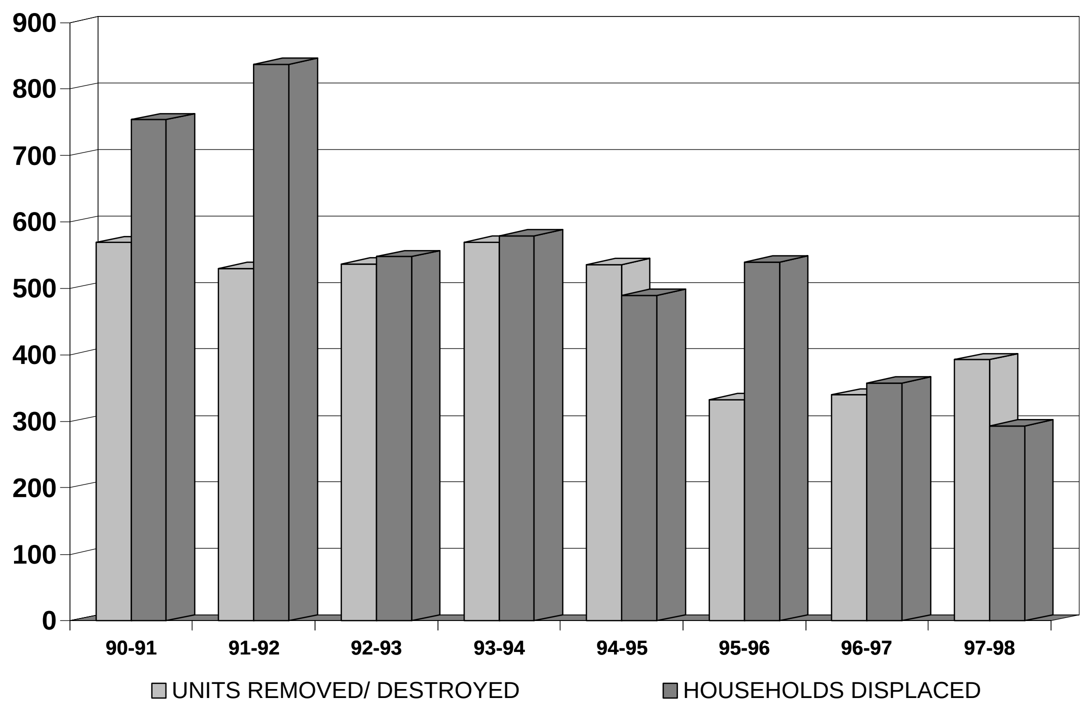
Agencies reported a total of 18,472 affordable units proposed to be constructed within the next two fiscal years pursuant to an executed agreement or contract. This number includes 7,042 units affordable to very low-income households, 5,157 units affordable to low-income households, 2,121 units affordable to moderate-income households, and 4,152 units affordable to above moderate (or unspecified income) households.

Displacement of Households (Exhibit J)

Agencies displaced 293 households during FY 97/98, of which 192 were very low; 63 were low; 28 were moderate; and 10 were above moderate income households. Of the 293 households displaced, agencies reported elderly persons made up at least 27 households. Actual displacements were less than the 311 households projected to be displaced in the previous year's report by 18 households. Redevelopment agencies anticipate displacing 268 households during FY 98/99 which includes seven elderly households.

The chart below shows the annual number of units lost and households displaced during the past eight years:

Housing Removals and Displacements



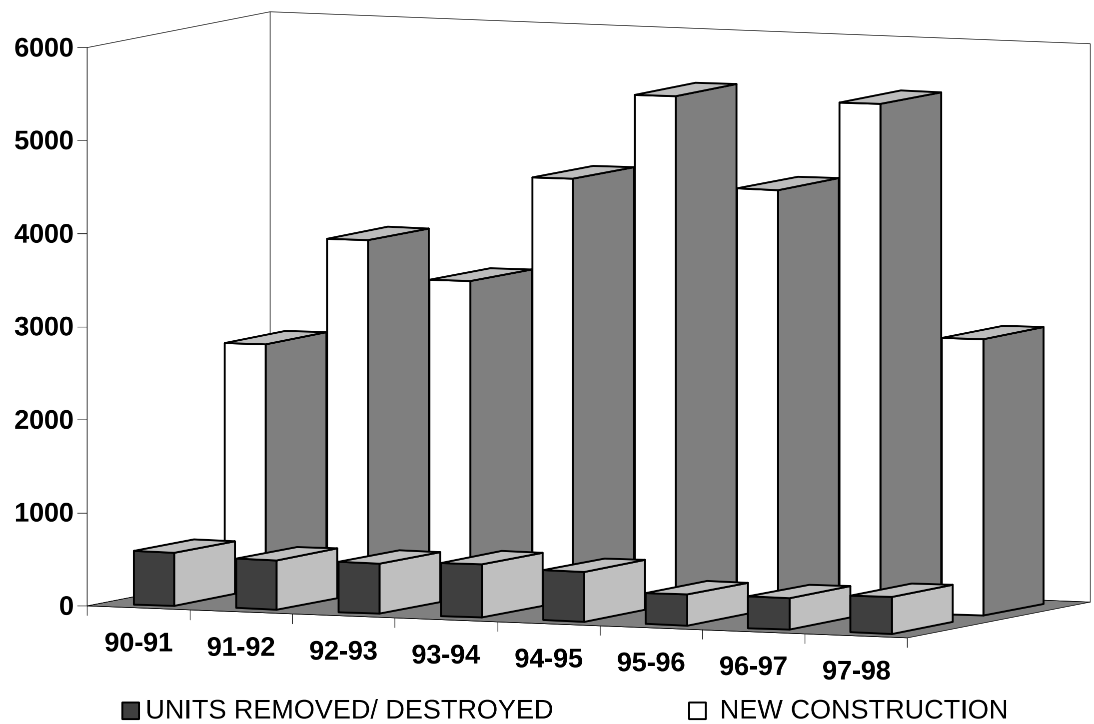
Replacement Housing (Exhibits K & L)

Of the 393 units removed or destroyed by agencies during FY 97/98, agencies reported that 352 must be replaced. Exhibit K displays the numbers of housing units and bedrooms removed from the market which must be replaced by redevelopment agencies. However, some agencies did not report the number of bedrooms lost or replaced, as required, so the bedroom figures appear to be underestimated. Agencies reported that 64 of the units constructed and 317 of the units substantially rehabilitated this year replace units previously lost (see Exhibit L).

Replacement Housing (Exhibits K & L) (continued)

The following chart shows that, for the past eight years, the statewide total of new housing units developed or assisted by agencies has far surpassed the number of units removed or destroyed.

Housing Construction and Removals



Miscellaneous Plans and Information (Exhibit M)

Agencies reported assisting 3,092 low and moderate income households by using their housing funds to finance on- and off-site improvements. Agencies reported that the improvements resulted in the construction of 135 units, the rehabilitation of 668 units, and the elimination of health and safety hazards jeopardizing 2,289 households.

Section 50836(b) allows redevelopment funds to be used as matching funds for federal HOME and HOPE program support. Fifty-three agencies reported using $16,708,838 in housing funds and $950,371 in non-housing funds for this purpose.

Land Holdings (Exhibit N)

Exhibit N summarizes the amount of land held by agencies for housing. It should be noted that some agencies do not consistently provide information concerning the location, purpose, and amount of land held for development. For example, many agencies report a dollar value of
land held for development (see Exhibit C5) but do not describe the sites. As a result, Exhibit N

Land Holdings (Exhibit N) (continued)

underestimates the amount of land actually held by agencies. The exhibit also identifies land acquisition and estimated housing construction dates and, in some cases, the number of units and types of housing developments anticipated. Statewide a combined total of 253 separate sites comprising some 1203 acres was reported as being held for future development.

Section 33334.16 requires that for sites acquired with housing funds, agencies must initiate development activities within five years and can only receive one extension for up to five years. Continued tracking of the amount, location, acquisition and proposed development dates of sites held by agencies should help ensure that such sites are used for accommodating affordable housing needs in a timely manner.

The following chart shows the reported value of land purchased with housing funds and held by redevelopment agencies for future developments. Land holdings have continued to increase over the 90/91 to 96/97 reporting years and then dropped to $126 million in the 97/98 reporting year.

Land Holdings for Housing